



Mutual Fund Dealers Association of Canada
Association canadienne des courtiers de fonds mutuels

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MFDA Bulletin

Policy

For Distribution to Relevant Parties within your Firm

Continuing Education (CE) Accreditation Process - Request for Comments

The attached Discussion Paper is intended to solicit feedback from all stakeholders on the MFDA's proposed accreditation process pursuant to requirements under Proposed MFDA Rule 1.2.6 and Policy No. 9.

Please submit your comments in writing on or before September 20, 2019. Comments should be addressed to the attention of:

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All comment letters received will be published to the MFDA website unless MFDA staff receive a request from the commenter asking that their letter not be made public.

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DISCUSSION PAPER ON THE MFDA CE
ACCREDITATION PROCESS



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I. BACKGROUND

On March 22, 2018, the CSA published, for a 90-day public comment period, proposed MFDA Continuing Education (CE) requirements (see MFDA Bulletin #0743-P). These proposals were developed and refined based on prior work and public consultations done between 2014 and 2017 (see MFDA Bulletins #0619-M, #0666-P and #0730-P). The proposed new MFDA Rule 1.2.6 and Policy No. 9 are currently under review by the CSA. As noted in Bulletin 730-P, the MFDA accreditation requirements still needed development.

During the development of the CE accreditation process, the MFDA has collaborated with a number of parties, including regulators, self-regulatory organizations, and other industry organizations who currently have CE requirements or accreditation standards and processes. The proposed MFDA accreditation process outlined in this Discussion Paper, incorporates information gained from this collaborative process

MFDA staff reviewed several accreditation programs including:

- La Chambre de la sécurité financière (CSF)
- The Continuing Education Course Accreditation Process (CECAP) – Moody's Analytics (Canada) is retained by the Investment Industry Regulatory Association of Canada (IIROC) to assess courses submitted by course providers and make recommendations to IIROC on the courses' suitability for CE Credits
- The Financial Planning Standards Council (FPSC)
- The Institute for Advanced Financial Education (The Institute)

II. PURPOSE

The purpose of this Discussion Paper is to solicit detailed feedback from all stakeholders regarding an appropriate accreditation process for the MFDA's CE requirements.

Attached to this Discussion Paper are the following supporting documents:

- Appendix A: CE Accreditation Process Policy which has been blacklined to reflect the proposed accreditation process.
- Appendix B: Third Party Accreditor Application Details

Submissions

The MFDA would appreciate receiving comments on any aspect of the proposed accreditation process and encourages stakeholders to suggest alternatives. Further, the MFDA has provided an explanation regarding certain aspects of the proposed accreditation process and would appreciate receiving responses to the specific questions posed in this Discussion Paper.

All comment letters received will be published to the MFDA website unless MFDA staff receive a request from the commenter asking that their letter not be made public.

Comments should be submitted in writing to *Ken Woodard, Director, Membership Services & Communications* at kwoodard@mfda.ca. The deadline for comments is **September 20, 2019**.

Please also contact Ken Woodard if you have any questions or wish to meet with MFDA staff regarding the proposed accreditation process.

III. ACCREDITATION PROCESS

ACCREDITORS

Under Section 9.2 of proposed MFDA Policy No. 9, accreditation may be completed by the MFDA, Members, or third parties recognized by the Corporation.

MFDA Members

The MFDA monitors the activities of Members on an ongoing basis to assess compliance with MFDA requirements. Going forward, this will include assessing Member compliance with CE requirements under Rule 1.2.6, and Policy No. 9. As a result, the MFDA is proposing that Members be allowed to accredit the CE activity of their Approved Persons.

MFDA

Proposed MFDA Policy No. 9 provides for accreditation by the MFDA. Through consultation with other parties, the MFDA has come to the understanding that it may be met with a significant number of requests to accredit CE content. The time required for MFDA staff to directly process a high volume of such requests could negatively impact staff's ability to efficiently implement, and perform ongoing administration of, the MFDA's CE program. Accordingly, the MFDA is considering outsourcing its accreditation authority, but not its responsibility, to a third party.

The MFDA could select a third party ("MFDA Delegate"), by issuing a public Request for Proposal ("RFP"), which would include terms and conditions that the successful party would have to meet.

The MFDA Delegate would make recommendations to the Corporation, but would not have the ability to make a final decision. In addition, there would be ongoing review of the requirements to which the MFDA Delegate is subject, similar to that which has been established for third party accreditation and Member self-accreditation.

The MFDA Delegate would also be required to be an experienced accreditor with established policies and procedures, and be knowledgeable of the securities industry and regulation. To address potential conflicts of interest, the MFDA Delegate could be prohibited from being a Third Party Accreditor, or being associated with an education provider.

Questions:

- 1. Should the MFDA directly accredit CE activity or delegate the task in the manner suggested? Why or why not?**
- 2. Please provide details of alternatives we should consider.**

Third Parties Recognized by the Corporation

The requirements adopted under proposed MFDA Rule 1.2.6, and Policy No. 9 most closely resemble those adopted by the CSF. Further the CSF is recognized as a self-regulatory organization (SRO) under provincial securities legislation in Quebec, and the MFDA has an existing co-operative agreement with them. As a result, the MFDA is proposing to grant automatic recognition to the CSF as a Third Party Accreditor. All other third parties would be required to apply for recognition.

IIROC is also recognized as an SRO under provincial securities legislation and has a CE program as well. However, we note that IIROC does not accredit activity itself but outsources the evaluation and administration of CE credits to CECAP. As a result, the MFDA proposal does not contain automatic recognition of IIROC as an accrediting body. However, CECAP could apply to the MFDA as a Third Party Accreditor, which would allow MFDA Members with IIROC affiliates the ability to use CECAP as an accrediting body for both MFDA and IIROC purposes.

Individuals or entities who apply to be recognized as a Third Party Accreditor would be required to have appropriate experience and qualifications. We propose that Third Party Accreditors would have to, at a minimum, have at least 5 years of experience:

1. acting as a non-profit professional body which administers established proficiency requirements for a certification or designation related to the securities industry, and have a code of ethics and an enforcement regime which includes a formal, transparent disciplinary process; or
2. being recognized as an accreditor by an SRO recognized under securities legislation.

Third Party Accreditors would also need to demonstrate they have the necessary resources and abilities to undertake accreditation in accordance with MFDA requirements. Appendix B outlines details that would be required in an application to become a Third Party Accreditor.

All Third Party Accreditors would be required to sign a contract prior to being allowed to undertake accreditation. This contract would set out terms and conditions of being recognized by the MFDA as a Third Party Accreditor, including: the requirement to follow established accreditation processes (Appendix A), maintain records, and provide the MFDA with access to records and information to assess compliance with the MFDA accreditation processes. The contract would also include any restrictions as to the types of CE activities which the Third Party is permitted to accredit. For example, a Third Party Accreditor may only be allowed to accredit CE activities they have developed themselves, or CE activity in their specific area of expertise.

As noted in MFDA Bulletin #0730-P, MFDA will undertake a CE review process that includes evaluation of a sample of accredited CE activities.

Questions:

- 3. Are there any specific entities, or type of third parties that should or should not be considered for recognition? Please provide details.**
- 4. Do you agree with the standards proposed for Third Party Accreditors?**

PROVIDERS

Providers would be required to sign a contract prior to being allowed to use the MFDA CE Reporting and Tracking System (“MFDA CERTS”). This contract would set out terms and conditions of being accepted by the MFDA as a Provider, including the requirement to follow the applicable CE requirements, such as maintaining records and providing the MFDA with access to records and information to assess compliance with the provision of CE activity.

FEES

The MFDA is a non-profit corporation and accordingly any fees generated from the MFDA CE program will be used to offset the costs of establishing and managing the CE program.

The MFDA is proposing fees relating to the following activities:

- A review of applications and ongoing assessment of a Third Party Accreditor;
- MFDA Accreditation of CE activity (whether undertaken by the MFDA or a delegate); and
- Provider use of the MFDA CERTS.

MFDA Members would not be charged fees to self-accredit CE activity on behalf of their Approved Persons or to use the MFDA CERTS.

Review of applications and ongoing assessment of a Third Party Accreditor

In order to be recognized as Third Party Accreditors, third parties would be required to submit an application to the MFDA and a non-refundable fee of \$1,500 for each CE cycle. The application fee would be used to offset the cost of MFDA review of the application. The MFDA does not propose to pro-rate the fee if a Third Party Accreditor applies mid-cycle.

MFDA Accreditation of CE activity

We are considering the following non-refundable fee structure for accreditation by the MFDA (or an MFDA Delegate) for each CE activity:

- 1 to 5 credits : \$375
- For each credit over 5 credits: \$75 per CE credit hour.

Figure 1 below shows examples of fees that would be charged to a provider by the CSF for CE activities accredited for multiple uses, as compared to MFDA accreditation costs, before taxes.

Figure 1 – Accreditation Fee Comparison¹

Number of Credits	Current CSF Accreditation Fee	Proposed MFDA Accreditation Fee
1 CE credit (1 hour)	\$375	\$375
5 CE Credits	\$375	\$375
10 CE Credits	\$750	\$750

Provider use of the MFDA CERTS.

The MFDA is looking to charge a simple per-use fee to offset costs of ongoing administration of the MFDA CE program and the CE activities within the program. As a result, the MFDA proposes that Providers, in order to have their CE activity available to Participants in the MFDA CE Program, be charged a \$300 CE Activity Filing Fee for each CE activity they file on the MFDA CERTS.

Questions:

- 5. Do you agree with the fees explained above? Why or why not?**

IV. CE PROCESS CONSIDERATIONS

ACCREDITATION WORKFLOWS

The MFDA envisions the following workflows for the Accreditation Processes:

Member Self-accreditation

1. The Member assesses the CE activity in accordance with the accreditation process requirements proposed in this Discussion Paper
2. If the Member accredits the Provider’s CE activity, it can post the CE activity on the MFDA CERTS, providing all the required information including a valid Member self-accreditation report.
3. Once this information is validated, the activity will be available to be viewed and accessed by all users of the MFDA CERTS related to the Member (i.e. the Member’s Approved Persons and authorized MFDA CERTS administrators).

MFDA Accreditation

1. Provider registers on the MFDA CERTS.
2. Provider submits an application on the MFDA CERTS for MFDA Accreditation and remits the non-refundable MFDA Accreditation fee.

¹ The fees for CSF are based on the fee information publicly available [on their website](https://www.chambresf.com/userfiles/files/pdf/fr/formation/2019/pol-reconn-act-fco-2019-ang-.pdf) - -Appendices 1C-E and 4 (https://www.chambresf.com/userfiles/files/pdf/fr/formation/2019/pol-reconn-act-fco-2019-ang-.pdf)

3. The MFDA (or its delegate) assesses the Provider's CE activity in accordance with the accreditation process requirements proposed in this Discussion Paper
4. If the MFDA accredits the Provider's CE activity, it issues an accreditation certificate to the Provider.
5. The activity will be available to be viewed and accessed by all users of the MFDA CERTS (unless the Provider specifies that the activity is only to be viewed and accessed by Approved Persons of a specific Member).

Third Party Accreditation

1. Provider registers on the MFDA CERTS. Note that this registration can occur at any time prior to step 5.
2. Provider gives the CE Activity to a Third Party Accreditor.
3. Third Party Accreditor assesses the Provider's CE activity in accordance with the accreditation process requirements proposed in this Discussion Paper.
4. If the Third Party Accreditor accredits the Provider's CE activity, it issues an accreditation certificate to the Provider.
5. Once the accreditation certificate is issued by the Third Party Accreditor, the Provider can post the CE activity to the MFDA CERTS, providing all the required information including a valid accreditation certificate.
6. Once this information is accepted by the MFDA CERTS, the activity will be available to be viewed and accessed by all users on the MFDA CERTS (unless the Provider specifies that the activity is only to be viewed and accessed by Approved Persons of a specific Member).

Questions:

1. **Do these workflows appear reasonable? If not, please provide alternatives.**

THE MFDA CERTS

The MFDA continues to work on developing the MFDA CERTS. As system work progresses, certain logistical and process questions arose that we would like Members and other stakeholders to provide input on.

Minimum Frequency of Information Input

Several Members and Providers currently track completion of CE activity for Approved Persons. The MFDA CERTS will be designed to allow Members and Providers to upload an electronic file containing the information necessary to report completion of a CE activity to the MFDA. However, other CE programs that offer this service have commented that, in most instances, such CE activity is reported at the end of a CE cycle.

Receiving such reporting at the end of a CE cycle gives rise to a number of potential problems:

- It could create a significant backlog in MFDA functions being undertaken at the end of a cycle, such as processing and verifying data or having errors in the data corrected;

- It could also delay the determination of Approved Person compliance with CE activity requirements;
- It could limit the ability of Approved Persons to track their progress towards satisfying their CE requirements; and
- Any ongoing reporting provided by the MFDA CERTS may not accurately reflect the CE activity undertaken by an Approved Person. In addition to the confusion that may be caused, there could be increased costs to the Members and the MFDA.

These concerns could be mitigated by spreading out the input/upload of such information. The MFDA is considering requiring Members and Providers to upload such information to the MFDA CERTS on a regular basis. Two options are under consideration:

Option 1 – using a fixed, regular calendar date such as the end of each quarter; or

Option 2 – using a date related to when the activity was completed, or evidence is provided to the Member by the Approved Person that the course has been taken, such as within 30 days of the CE activity being completed by the Approved Person.

Regardless of the option, all information is to be uploaded by the end of the cycle.

Questions:

- 2. Should standards be set for Members and Providers to update the MFDA CERTS on a regular basis? Why or why not?**
- 3. If yes, please advise if you prefer a fixed, regular calendar date or a date relating to the date the activity was taken.**

Ongoing Reporting

The MFDA plans on having reporting available to all users: Participants (Approved Persons), Providers, Members and the MFDA. We see such reporting in two categories. Instantaneous reports that, for example, advise of any errors with a submission, and on-going reports showing cumulative data such as the CE activities entered for a Participant. For ongoing reporting regarding a Participant’s current status and progress towards meeting the MFDA CE requirements, reports would be tailored to the user. For example, Participants will be able see what CE activities they have been credited with attending and how many credits they still need to obtain, Members could see the progress of their Approved Persons towards meeting the requirements of each cycle, and Providers could see what they have uploaded to the MFDA CERTS.

Questions:

- 4. Do you have any suggestions regarding user reporting?**

Approved Person MFDA CERTS Access

As noted previously, certain Members conduct all, or a significant portion, of the training of their Participants. We also note that a number of Members have their own internal CE tracking systems in use for other CE programs that they may wish to use to flow information through to the MFDA CERTS. As a result some Members may wish to restrict their Participants from entering CE Activity directly into the MFDA CERTS. Please note that the MFDA would still allow Approved Persons to have read-only access to the MFDA CERTS.

Questions:

- 5. Do you think that Members should be able to control the access of their Participants (Approved Persons) to the MFDA CERTS to be read-only access?**
- 6. Do you have an internal CE tracking system? If yes, do you plan on using this system to upload information to the MFDA CERTS?**

NEXT STEPS

To assist stakeholders in responding to the discussion paper, MFDA staff are available to answer questions regarding the proposed accreditation process. Following consideration of comments received, MFDA staff will issue, for public comment, a revised version of Policy No. 9.

The MFDA will continue with consultation regarding the CE program as development of the program continues. In order to inform such development, the MFDA will be enlisting the assistance of Members and other relevant stakeholders in working and user testing groups.

Going forward, the MFDA will also undertake education outreach on the CE program including guidance on CE accreditation, MFDA CERTS user guides, and training for Approved Persons, Members, Third Party Accreditors and Providers.

Appendix "A"

CE Accreditation Process Policy

"MFDA CE reporting and tracking system" means the online system established by the MFDA for the purpose of administering the MFDA CE Program.

PART E ACCREDITATION

9.1 Accreditation of a continuing education activity is required prior to the CE credits being eligible for reporting with the Corporation.

9.2 Accreditation can be completed by:

(a) The Corporation;

(b) An MFDA Member

(c) Third Parties recognized by the Corporation ("Third Party Accreditors"); or

(d) Chambre de la sécurité financière ("Chambre").

~~Accreditation may be completed by the Corporation, MFDA Members, or third parties recognized by the Corporation.~~

9.3 For accreditation requests to the Corporation under 9.2(a), a Provider must complete and submit a MFDA Accreditation Application form. The Provider must include all information requested in sufficient detail so as to facilitate the processing of the application. All accreditation applications completed by the Corporation will automatically be assigned an accreditation number and uploaded into the MFDA CE reporting and tracking system for reporting purposes.

9.4 If the Corporation determines that an MFDA Accreditation Application is incomplete in any manner, or the trainer does not have the knowledge required to give the training activity, the Corporation may refuse to accredit the activity.

9.5 All accreditations, including Member self-accreditations, must be completed in accordance with the standard evaluation procedures as prescribed by the Corporation: below:

9.5.1 All CE activity must be assessed against the following general criteria:

(a) Whether there are learning objectives and a training plan for the CE activity;

(b) Whether the content of the CE activity is consistent with the stated learning objectives and training plan;

(c) Whether the content of the CE activity meets the related minimum standards set out under Part C of MFDA Policy No. 9;

- (d) Whether the CE activity includes a written plan for how it will be delivered;
- (e) The relevance of the CE activity to the Participant and/or the Member's business;
- (f) Whether resources and materials provided to Participants support the stated learning objectives of the CE activity and are consistent with its CE content;
- (g) Whether the CE activity includes details as to how attendance will be confirmed, and how completion of the activity by individual Participants will be recorded;
- (h) Whether the CE activity has met its learning objectives; and
- (i) Whether the qualifications and experience of the trainer and provider are adequate.

9.5.2 One CE credit consists of one hour of training.

9.5.3 Each CE activity must:

- (a) Have a minimum of 0.5 credits (30 minutes) of accredited CE content;
- (b) Not be assigned greater than six and a half credits (6.5 hours) per day;
- (c) Not be assigned a total of more than 8 business conduct credits (8 hours) and 25 professional development credits (25 hours); and
- (d) Be rounded to the nearest quarter (0.25) credit (15 minutes).

9.5.4 Participants must be present for the full duration of a CE activity to be awarded the credits allocated to that activity. Where sessions of a conference have been accredited individually, Participants must attend the full session to be awarded the credits for that session. If the entire conference has been accredited as a single CE activity, the Participant must attend the entire conference to be awarded the credits.

9.5.5 Eligibility for Accreditation

- (a) CE credits cannot be granted for preparatory courses, study guides or unstructured pre-reading.
- (b) Any courses taken to satisfy the proficiency requirements to be registered under Securities legislation as a Dealing Representative, Chief Compliance Officer or Ultimate Designated Person; or to be designated as a Branch Manager, will not qualify for CE credit.

9.6 ~~For self-accreditations, the accreditor~~Members must maintain evidence of the education activity in sufficient detail so as to evidence their self-accreditation assessment (Member self-accreditation) ~~must and must~~ file a Member self-accreditation report with the

Corporation. Member Selfself-accredited activities will be assigned an accreditation number by the Corporation upon completion of the self-accreditation report.

- 9.7 MFDA Accreditation requests and Member self-accreditation reports must be submitted to the Corporation no later than the last day of the cycle. However, applications and ~~reports~~ filings should be submitted prior to, or as early as possible after, the date on which the activity was first held or offered.
- 9.8 MFDA Accreditation applications and Member self-accreditation reports must be accompanied by the applicable fees as prescribed by the Corporation. Fees charged by the MFDA for assessing accreditation applications (~~up to 5 credits~~) are non-refundable. ~~Applicable fees for credits in excess of 5 total credits will be refunded if the Corporation refuses to accredit those credits.~~
- 9.9 Each accredited activity recognized by the Corporation will be assigned an eligibility period not longer than 2 years from the date on which the activity was first held or offered, or from the date of recognition.

(a) A material change, for the purposes of 9.9, may be considered to have occurred when:

i. One or more of the CE categories or content is no longer covered;

ii. The duration of the CE activity has changed; or

iii. The format, delivery method or testing of the CE activity has changed.

(b) A one-time CE activity is only recognized for the one time it is held.

(c) To continue to meet the objectives of the CE Program, the content of CE activities must remain relevant and current during the eligibility period.

(d) When the eligibility period expires or there is a material change to the CE activity and the Member intends to continue to offer the CE activity, the Member must:

i. In the case of Member self-accredited training activities, file a new Member self-accreditation report; or

ii. In the case of training activities accredited by the Corporation, file a new MFDA Accreditation application and submit the applicable MFDA Accreditation application fee.

Appendix “B”

Third Party Accreditor Application Details

APPLICANT INFORMATION

1. Applicant Information including:
 - Name of Applicant
 - Head Office Address, phone number, general email
 - Mailing Address
2. Applicant Contact information including:
 - Contact Person Information – Name, title, contact information
 - Alternate Contact(s) Information – Name, title, contact information
3. Are you applying to (select all that apply)
 - Self-accredit (accredit your own courses)
 - Accredit the courses of others
4. Applicant Experience
 - Do you have 5 years of experience (select all that apply):
 - acting as a non-profit professional body which: administers established proficiency requirements for a certification or designation related to the securities industry, and have a code of ethics, and an enforcement regime which includes a formal, transparent disciplinary process; or
 - being recognized as an accreditor by an SRO recognized under securities legislation.
 - Please provide evidence of the experience claimed.

APPLICANT POLICIES AND PROCEDURES

5. If applying as a self-accreditor, please submit your policy to address potential conflicts of interest, including written policies and internal structures in place to address conflicts of interest.
6. Please submit the applicant’s internal organizational chart.
7. Please submit the applicant’s accreditation policies and procedures.
Prior to making your submission, please review the requirements set out in MFDA Policy No. 9 and assess the degree to which your accreditation policies and procedures meet those under Policy No.9. Policies and procedures that are inconsistent with, or do not meet the MFDA requirements will not be accepted.

FEES

8. Please remit the application fee to the MFDA.